Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
Application by Verizon New England Inc.	)	
Bell Atlantic Communications, Inc.	)	
(d/b/a Verizon Long Distance), NYNEX	)	CC Docket No. 00-176
Long Distance Company (d/b/a Verizon	)	
Enterprise Solutions), and Verizon Global	)	
Networks Inc., for Authorization to Provide	)	
In-Region, InterLATA Services in Massachusetts	)	
	)	

REPLY COMMENTS OF WORLDCOM, INC. ON THE APPLICATION BY VERIZON FOR AUTHORIZATION TO PROVIDE IN-REGION, INTERLATA SERVICES IN MASSACHUSETTS

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FCC Orders	
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Declarations and Affidavits	
Bryant Reply Decl.	Reply Declaration of Mark T. Bryant on Behalf of WorldCom, Inc. (Tab B hereto).
Kelley & Chandler Reply Decl.	Joint Reply Declaration of A. Daniel Kelley and Richard A. Chandler (Tab C hereto).
Kinard Decl.	Declaration of Karen A. Kinard on Behalf of WorldCom, Inc. (Tab C to WorldCom, Inc. Comments)
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DOJ Mass. Eval.	Evaluation of the United States Dept. of Justice, In re Application of Verizon New England Inc., NYNEX Long Distance Co., and Verizon Global Networks Inc. for Authorization to Provide In-Region, InterLATA Services in Massachusetts, CC Docket No. 00-176 (filed Oct. 27, 2000)
SC Order	Evaluation of the United States Dept. of Justice, In re Application of BellSouth Corporation, et al. Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region, InterLATA Services in South Carolina, CC Docket No. 97-208 (filed Nov. 4, 1997)

INTRODUCTION AND EXECUTIVE SUMMARY

The United States Department of Justice, the Massachusetts Attorney General, and virtually all commenting competitive local exchange carriers ("CLECs") agree that Verizon Massachusetts' application should be denied because Verizon has failed to meet the requirements of the competitive checklist. Many of these commenters focus on problems that WorldCom identified in its opening comments: unbundled network element pricing that is not cost-based and that precludes local competition from developing; Verizon's failure to show that it provides its competitors the elements needed to offer advanced services in a non-discriminatory manner; performance measurements and penalties that fail to measure critical benchmarks and fail to establish penalties that will deter Verizon from discriminating against its competitors; and unproven OSS. The only commenter substantively to defend the rates and other terms and conditions is the Massachusetts Department of Telecommunications and Energy ("DTE"), but its defense does not withstand analysis and suggests only that it cannot be relied upon to address the competition-killing problems identified in the opening round of comments.

The most serious and most commented-upon problem remains Verizon's network element pricing. In its opening comments, WorldCom demonstrated that many of the inputs that determined the rates for unbundled switching and transport were grossly inflated and bore no relation to Verizon's cost of providing those elements. Other commenters identify the same problems, and while the DTE defends its rates as a general matter, with limited exceptions it does not defend the inputs, even though WorldCom and others have been trying to get the DTE to correct them repeatedly over the last four years. Worse yet, the DTE's refusal to acknowledge that Verizon misrepresented the nature of the discounts it receives even after Verizon itself has acknowledged its misrepresentations does not bode well for any future cost proceeding in Massachusetts.

Commenters unsurprisingly were unable substantively to comment upon Verizon's October 13th change in switching and transport rates, since those rates were filed with the DTE the day before comments were due. Most substantive commenters, including the Massachusetts Attorney General and the Department of Justice, sensibly joined WorldCom in urging the Commission not to consider the new rates, or to require Verizon to withdraw its application and refile at the appropriate time with the necessary cost-support for the rates.

It remains difficult if not impossible to respond to the claim that the new rates are cost-based, since Verizon has not actually made such a claim, and the record is bare of evidence that would support it. WorldCom nevertheless has gone back and reviewed the cost-support provided in New York for similar rates in place in that state. What it has discovered is that the particular reasons that led the New York Commission to adopt those rates in 1997, and that led the FCC ultimately to approve those rates, do not apply in Massachusetts today. All evidence available today, including evidence from the much more recent and detailed Pennsylvania rate proceeding, suggests Verizon's new rates are approximately double a rate based on the cost of switching and transport, well outside the range of results that a reasonable application of TELRIC principles would produce in Massachusetts. If it is indeed Verizon's intention to rely on these new rates to satisfy its obligation to provide elements at cost-based rates, the application should be denied because Verizon has not proved the new rates are cost-based.

Of course it is impossible to look to the market to evaluate the competitive consequences of the new rates, since they have not yet even taken effect. This state of affairs is entirely of Verizon's doing. Verizon left in place until after it filed this application rates that kill competition; rates that it will not even defend as cost-based. This is unacceptable, and if the Commission were to countenance such game-playing it can expect many more applications like this one, where there is no empirical evidence of UNE-P competition to evaluate, and where the BOC's proof consists of paper claims about how systems would work if they were ever put to use.

WorldCom does, however, have real UNE-P experience in other states, and that experience shows that rates like those in Massachusetts once the new rates take effect will still generate a competition-killing price squeeze for competitors that otherwise would offer UNE-P competition throughout a state. In Massachusetts, and throughout the country, UNE-P still offers the only broad-based residential alternative to ILEC local service. In its New York and Texas Orders, the Commission made clear that the existence of residential competition was a critical prerequisite for a successful section 271 application. This is no time for the Commission to abandon that position.

Equally at risk is competition for mass markets advanced services: high speed data and Internet access that is available through loops equipped with digital subscriber line ("DSL") electronics. Verizon currently dominates this segment of the market in Massachusetts, and its recently proposed merger with NorthPoint Communications hardly suggests that this market segment will become more open to competition. WorldCom has plans to offer its residential customers advanced services by teaming up with other CLECs who specialize in providing such services. But as DOJ and the data CLECs make clear in their comments, Verizon has not proved it provides CLECs with nondiscriminatory access to loops capable of providing DSL-based services. Indeed, it has not reported at all on its performance for certain critical aspects of advanced services. We agree with DOJ that this is reason enough to deny this application.

Other commenters also agree with WorldCom that DSL metrics are not the only failure of Verizon's performance reporting, and that performance penalties too are deficient. While the DTE claims that its performance measurement and remedy system is the same as New York's, this is simply not so. In critical respects Verizon's plan in Massachusetts falls far short of the plan in place in New York.

Along with WorldCom, commenters agree that there are a host of potential problems with OSS whose full competitive impact cannot be fairly assessed on this record. Finally, commenters correctly point out that Massachusetts' reciprocal compensation regime is out of compliance with the checklist. In these ways as well, Verizon has failed to carry its burden of proving that it has fully implemented the competitive checklist.

For all of these reasons, WorldCom agrees with DOJ, the Massachusetts Attorney General, and virtually all other commenters that the Massachusetts local market is not open to competition, much less irreversibly open. With Massachusetts' residential market effectively shut to competitors, it is not in the public interest to allow Verizon into the long-distance market. To do so would be to remove Verizon's only incentive to lower its wholesale rates, and correct the other problems so well documented in this record. It would be to consign the majority of residential customers in Massachusetts to Verizon's monopoly local service.

For all of these reasons, this application should be denied.

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REPLY COMMENTS OF WORLDCOM, INC. ON THE APPLICATION BY VERIZON FOR AUTHORIZATION TO PROVIDE IN-REGION, INTERLATA SERVICES IN MASSACHUSETTS

Commenters agree that UNE-Platform is the essential entry vehicle to bring the benefits of local competition to all residential consumers in Massachusetts. They also agree that Verizon has in place unbundled network element prices that are not cost-based and that make broad-based UNE-P competition impossible. Evidently unable to rebut this showing, on October 13 Verizon declared that concerns about its prices were merely a "distraction," and lowered somewhat the prices of unbundled local switching and transport to make them roughly comparable to the rates in place in New York. But there is no record evidence that the new rates are cost-based; indeed, there is no record evidence of any kind about the new rates. There is therefore nothing yet in the record concerning the new rates which could properly be the subject of any reply comments.

Nevertheless, WorldCom is able to show that nothing on the record of the New York section 271 proceeding establishes that these new rates rationally relate to Verizon-Massachusetts' year 2000 forward-looking switching costs. It also is able to show that application of the new rates, when they become effective, will have the same competition-killing consequences as the old rates they replace.

Pricing is hardly the only reason to deny this application. Commenters agree that Verizon has failed to show that it makes available DSL-compatible loops on a nondiscriminatory basis, both because it does not report line sharing and some other aspects of DSL, and that when it does report its performance, that performance is lacking. Lacking too are appropriate remedies that could deter backsliding, and proof that Verizon's OSS will work if conditions permitting competition ever develop. For these reasons, Verizon has failed to carry its burden of showing that it has met the requirements of the competitive checklist, or that section 271 authorization would be in the public interest.

I. VERIZON HAS NOT MET ITS BURDEN OF PROVING THAT IT HAS SATISFIED THE CHECKLIST'S PRICING REQUIREMENTS.

A. Legal Framework

The question before the Commission is whether Verizon has made out a prima facie case in the record that its UNE rates fall within a range that fairly derives from reasonable application of TELRIC principles, and, if so, whether other record evidence rebuts that prima facie case. Whether the Commission looks at the rates currently in place, or the rates that are scheduled to take effect later this month, the answer to that question is that Verizon has not made out a prima facie case, and that overwhelming record evidence demonstrates that Verizon's rates are substantially higher than any arguably cost-based rate.

As the Commission has stressed, there is no abstract "perfect" TELRIC rate that fairly applies at all times and in all places. Ratemaking is art as well as science, and as the words "reasonable range" connote, the test is met if, taking all things into consideration, the state commission has made a good faith effort and set a rate that reasonably reflects the forward-looking costs of the leased functionality given the particular conditions present in the state at the time the rate was set. That is why, as the U.S. Court of Appeals for the D.C. Circuit noted, "application of TELRIC principles may result in different rates in different states,"[1/] and why the Commission has emphasized that checklist compliance requires it to "look at each application on a case-by-case basis and consider the totality of the circumstances." TX Order ¶ 46.

The Commission has identified the factors it considers in determining whether rates fall within this reasonable range:

First, by definition, the rates must be supported by studies proving that they are derived from the cost of providing the leased elements, taking into account the particular circumstances present in each state. Each state is "oblig[ed] . . . to determine prices on its own. In order for us to conduct our review, we expect a BOC to include in its application detailed information concerning how unbundled network element prices were derived." MI Order ¶ 291 (footnote omitted). Obviously, when the record is bare of evidence that shows the rates relate to costs, a BOC has not proved that the rates are "based on cost."

1/ AT&T Corp. v. FCC, 220 F.3d 607, 615 (D.C. Cir. 2000).

Second, the Commission has stressed that process matters. Rate-making is an on-going process, and so a state's commitment to "active review and modification" of rates and its "commitment to TELRIC-based rates," are critical considerations. NY Order ¶ 238.

Third, the competitive effect of the rates is crucial. Rate setting is not an academic exercise. Its purpose is to allow efficient competition to develop through shared use of the incumbents' facilities. Because reasonable application of TELRIC principles should result in prices that promote such competition, evidence of the real-world effect of the pricing is highly relevant to the determination that the rate setting process results in reasonable rates: TELRIC "principles are fair and procompetitive and should create even opportunities for entry in every state." MI Order ¶ 291. "Because the purpose of the checklist is to provide a gauge for whether the local markets are open to competition, we cannot conclude that the checklist has been met if the prices for interconnection and unbundled elements do not permit efficient entry." Id. ¶ 287.

Verizon argues to the contrary that its rates (and presumably all other checklist items that relate to terms of interconnection agreements or that could otherwise be challenged in court) should play no role in a section 271 application because the proper place to challenge such checklist items is the federal court under section 252(e)(6). VZ-MA Application at 69. In its view, the FCC's role in the section 271 process should amount to little more than confirming that a BOC has complied with any outstanding court order.

The Commission has rejected outright this interpretation of the statute, concluding that the "Act vests in the Commission the exclusive responsibility for determining whether a BOC has in fact complied with the competitive checklist." MI Order ¶ 282. For instance, it has always decided on the merits questions about whether the BOC has provided interconnection in accordance with the requirements of section 251(c)(2), dialing parity in accordance with section 251(b)(3), and pricing in accordance with the requirements of sections 251 and 252. It has never suggested that claims concerning these checklist items are waived because a CLEC has not brought a challenge to federal court, and parties rely on the Commission's sound interpretation of its statutory obligation.

The Commission's understanding that it alone can determine whether BOC practices satisfy the checklist is sound and grounded both in the statutory text of section 271 and the nature of the inquiry required to determine checklist compliance. Because of their limited resources and limited expertise, federal courts necessarily apply a deferential standard in reviewing compliance with the Act. Assertions that a state commission's wholesale prices either did or did not comply with the FCC's TELRIC regulations are by their nature technical claims that need to be addressed by the FCC, the federal agency with the expertise to evaluate the kinds of arguments that arise in this context.

B. The DTE's Unbundled Network Element Rates Do Not Derive from Reasonable Application of TELRIC Principles.

1. The DTE's Switching and Transport Rates Are Not TELRIC-compliant.

In opening comments, WorldCom demonstrated that many inputs and assumptions used by Verizon in estimating the cost of providing local switching and transport in Massachusetts are unreasonable and significantly inflate rates. Every commenter to address pricing, except the DTE, offers similar analysis. For example, the Massachusetts Attorney General – who raised many of the same issues before the DTE – states that Verizon's UNE switching prices are excessive, not TELRIC-based, and create a price squeeze that is a barrier to market entry. MA Attorney General Comments at 3, 5. AT&T agrees that UNE rates were not set in accordance with the Act's pricing principles and are so high that CLECs must pay on average more for a UNE-P arrangement than Verizon charges residential customers for comparable retail services. AT&T Comments at 3-4; AT&T Reply Comments at 8-27. Finally, CompTel states that existing UNE rates in Massachusetts are not cost-based and are substantially higher than the FCC proxy, while the Association of Communications Enterprises states that the record before the DTE sets forth in great detail the false assumptions and calculation errors – including inflated equipment acquisition, installation, power and capital costs, erroneous utilization assumptions, and excessive allocations of building investment – which produced the inflated switching charges. CompTel Comments at 8; Association of Communications Enterprises Comments at 5.

Alone among the commenters, the DTE asserts that its rates are TELRIC-compliant. But its defense amounts to little more than the repeated assertion that "the Department set VZ-MA's UNE rates according to the FCC's TELRIC methodology." DTE Eval. at 316. The short and sufficient answer to this conclusory assertion is that "it is not the label that is critical in making our assessment of checklist compliance, but rather what is important is that prices reflect TELRIC principles and result in fact in reasonable, procompetitive prices." MI Order ¶ 290.

The DTE's more specific defense of its switching rates is grossly inadequate. The DTE defends the reasonableness of its assumptions on the ground that they were based on Verizon's representations about "existing configuration of digital switches." Relevant inputs were based on "VZ-MA's calculations to size its network, based on current demand on each network component and estimates of the amount of material investments needed to serve that demand."

DTE Eval. at 319. And switching prices, it claimed, were based on "recent discounted vendor prices." Id.

Having defended its rates as based on actual costs of Verizon's current network, the DTE is unable to explain why application of its rates results in a total switching cost some four times higher than any plausible calculation of Verizon's actual switching costs. The DTE suggests that such a "reality check" is "misplaced" because there is no reason to think that historical cost and forward-looking costs will bear any relation to each other. DTE Eval. at 330. But while the DTE is undoubtably correct that "[a] TELRIC proceeding is not the place to enable or ensure that an incumbent local exchange carrier recovers its historic costs," id. at 332, neither is such a proceeding a license for Verizon to collect four times its historic costs by misrepresenting facts and making assertions about its network and the way it is deployed that are palpably false – especially when the cost of switching has been steadily declining.

In the same vein is the DTE's invocation of "the principles of federalism that imbue the Act," DTE Eval. at 336, as a way to avoid dealing with the fact that its rates are substantially higher than rates generated by any other rate-maker in any other context. The question remains whether the DTE has any reasonable explanation for why its rates are so much higher than everyone else's. Evidently it does not.

Most sobering of all is the DTE's assertion that consideration of whether its rates promote or kill competition is "not relevant," "result-oriented," and a "red herring." DTE Eval. at 339-34.[2/] This Commission has taken the contrary view, concluding that checklist compliance

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2/ In a footnote, the DTE dismisses any analysis of competitive consequences since AT&T, WorldCom and Z-Tel "ended up with different numbers on both the revenue side and requires prices that "result in fact in reasonable, procompetitive prices . . . and should create even opportunities for entry in every state." MI Order ¶¶ 290-291. See id. ¶ 287 ("we cannot conclude that the checklist has been met if the prices for interconnection and unbundled network elements do not permit efficient entry").

The DTE does defend its refusal to apply appropriate switching discounts and cost of capital, but those defenses merely prove that it does not acknowledge error, even when errors are no fault of its own, but are caused by Verizon's misrepresentations.

Even though Verizon itself now acknowledges that it misrepresented the true nature of the discounts it receives when it purchases switches, the DTE insists on its right to be misled, and stands by its claim that it would be too "speculative" to base the rates on prices Verizon actually pays when it purchases switches. DTE Eval. at 320. Its only response to Verizon's acknowledgment that it misrepresented facts is to say that "[i]f new information in an industry with ever-changing technology and market conditions makes a TELRIC analysis obsolete or incorrect, then a regulatory agency would be in a constant cycle of doing and re-doing a TELRIC analysis." Id. at 333. But no one is asking the DTE continuously to reevaluate UNE rates simply because of "ever-changing technology and market conditions." Id. The "new information" here is that Verizon misrepresented the true nature of its discounts, and that this misrepresentation has a material impact on the rate chosen by the DTE. The DTE should reconsider rates based on a material misrepresentation. Nor do principles of federalism require

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cost side of the equation." DTE Eval. at 339 n.665. This is hardly surprising, since such calculations embody different carriers' unique assumptions about such things as access revenue, vertical services revenue and usage. The DTE fails to note that all three CLECs concluded that broad-based competition is not possible using DTE rates.

the Commission in the section 271 context to defer to state commission conclusions based on evidence that is demonstrably and materially false.

For the reasons discussed in AT&T's Reply Comments (at 12-14) and for the reasons described below, the DTE's defense of its cost of capital calculation is equally unpersuasive. Defending its decision to adopt a 12.16% cost of capital, the DTE does not claim – because it cannot – that this figure is cost-based. Rather, the DTE argues that it is irrelevant that Verizon's actual cost of capital is lower than 12.16% because "TELRIC is not designed to match historic or actual costs of the ILEC." DTE Eval. at 330-31. But the rate must relate to forward-looking cost and as to that the DTE has little to say. Cost of capital is calculated as a weighted average of cost of equity and cost of debt, and since the FCC calculated an 11.25% cost of capital in 1990 based on data from all RBOCs, cost of equity has not changed substantially, while cost of debt has dramatically decreased because of lower interest rates. The effect of this is that the cost of capital has decreased and, therefore, a cost of capital consistent with TELRIC principles should in fact be lower, not higher, than the FCC's 11.25% cost of capital. Therefore, the DTE's argument provides no support for Verizon's rates.

The DTE also sets forth a "random error" argument in a footnote that similarly fails to justify Verizon's inflated 12.16% cost of capital. The DTE relies on CLECs' comments that the average cost of capital in other Verizon states is 10.31% to argue that "if a cost of capital that is 94 basis points lower than the FCC's [11.25%] proxy is reasonable, then a cost of capital that is 91 basis points higher than the FCC's proxy must also be reasonable." DTE Eval. at 337 n.661. But cost of capital cannot be justified on such grounds. CLECs amply demonstrated that economic conditions over the past 10 years have caused cost of capital to decrease and, therefore, the cost of capital the FCC approved in 1990 may be higher than what it should be today. The DTE provides no similar argument that cost of capital should be significantly higher than that calculated by the FCC.

While the DTE at least addressed the issues of switch discounts and cost of capital, as to the other challenges to its switching rates, it has nothing to say. Specifically, the DTE continues to say nothing at all about:

- The installation factor it selected;
- Its busy hour conversion factor;
- Its utilization factor;
- Its building factor; and
- Its power factor.

WorldCom has repeatedly urged the DTE to correct these erroneous inputs, yet the DTE consistently has refused either to change them or to defend them.

2. The DTE's Loop Rates Are Not TELRIC-compliant.

While Verizon's October 13, 2000 tariff reduced switching and transport rates in Massachusetts, it left in place tariffed loop rates. Both Verizon and the Massachusetts DTE contend that loop rates are fully compliant with the FCC's TELRIC methodology. See VZ-MA Application at 68; DTE Eval. at 328-29. However, an analysis of Verizon's limited record support of its loop rates demonstrates that it has not put on the record evidence that proves its rates relate to its cost, and that application of an inflated cost of capital results in loop rates that are overstated by at least 9%, while other clearly erroneous inputs have indeterminable but presumably significant effects on the loop rates. See Bryant Reply Decl. ¶ 19.

Verizon has failed to provide sufficient support in the record to allow an analysis of its loop costs. The only support Verizon provided is included in Workpapers Part A in its compliance filing of February 14, 1997.[3/] In the copy that was filed, several columns of this work paper are illegible. When the work paper is printed out, several of the columns contained entries that are too long to fit in the allowed width of the column. In these cases, the data in the columns is printed as "#####", rendering the print-out largely useless for analysis. In addition, the print-out refers to a "supplied LINKCOST.XLS spreadsheet," which contains the actual formulas used to compute the investment in loop plant.[4/] See Bryant Reply Decl. ¶ 20.

The electronic LINKCOST.XLS spreadsheet is not part of the record in this proceeding. WorldCom therefore contacted Verizon to obtain this spreadsheet in electronic format. Verizon has refused to provide the spreadsheet. Instead, Verizon provided, on October 25, 2000, a revised printout of the work papers that display the inputs in all columns. Even with this legible print-out, it is still impossible to trace adequately how Verizon developed the investment levels for feeder and distribution plant. There appear to be additional items of equipment included in the plant that are not included in the spreadsheet as printed. The LINKCOST.XLS spreadsheet presumably contains this vital information. See Bryant Reply Decl. ¶ 21. Moreover, because Verizon will not make the electronic version of the spreadsheet available even under a protective

3/ Phase 2 and Phase 4 Compliance Filing, D.P.U. 96-73/74, 96-75, 96-80/81, 96-83, 96-94 (DTE filed Feb. 14, 1997) ("2/14/97 Compliance Filing") (VZ-MA App. H, Tab 198).

4/ 2/14/97 Compliance Filing, Workpaper Part A, at 1 (VZ-MA App. H, Tab 198).

order (unlike New York, where it did make the spreadsheet available), it is not possible to determine which inputs were used to generate the prices that are listed on the printed page, because the formula which generate the numbers remains hidden beneath the work paper Verizon has placed on the record. Nothing in the record Verizon has created, in other words, shows the relationship between its rates and costs.

Nevertheless, even with the limited record, it is possible to identify one of the assumptions made by Verizon that leads to an overstatement of loop costs, since it is separately identified in the work papers. As is the case for switching and transport costs, Verizon used a 12.16% cost of capital in its cost studies rather than the FCC's approved (and generous) cost of capital of 11.25%. Verizon's 12.16% cost of capital is heavily weighted to equity (76% equity) and does not reflect Verizon's or other incumbent LECs' capital structures. It is also inconsistent with the FCC-approved capital structure of 44.2% debt and 55.8% equity financing.[5/] Use of this excessive cost of capital results in an overstatement of the monthly cost of loops by at least $1.25 per loop per month. See Bryant Reply Decl. ¶¶ 19, 22.

Without the LINKCOST.XLS spreadsheet, it is impossible to perform any further analysis on Verizon's loop rates. It is clear, however, that Verizon has made a number of other assumptions in its loop cost model that are at odds with the assumptions made by the FCC in the Universal Service proceeding. For instance, Verizon uses a utilization factor for fiber feeder of

5/ Local Exchange Carriers Order, ¶ 8.

only 60%,[6] whereas the FCC used a factor of 100%.[7] Similarly, the utilization factor for copper feeder cable used by Verizon ranges from 60 to 75%,[8] whereas the FCC uses 80% in all but the two least dense (i.e., rural) zones.[9] In addition, the utilization factor for copper distribution cable in the Verizon model is 40% in the metro, urban, and suburban areas,[10] whereas the FCC uses factors ranging from 60 to 75%.[11] While it is not possible to determine how these erroneous inputs effect the investment level without seeing the electronic version of the LINKCOST.XLS spreadsheet, it is clear that these low utilization factors result in investment that is overstated, which results in further inflation of the monthly cost of providing local loops. See Bryant Reply Decl. ¶ 23.

C. Verizon's New Switching and Transport Rates Should Not Be Considered, and in Any Event Do Not Derive from Reasonable Application of TELRIC Principles.

Given the indefensible nature of its current rates and the uncontroverted empirical evidence that those rates have prevented the development of widespread UNE-P competition in Massachusetts, it comes as no surprise that Verizon now suggests that it intends to rely on new

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6/ See 2/14/97 Compliance Filing, Workpaper Part A, at 9 (VZ-MA App.H, Tab 198).

7/ See 'User Adjustable Inputs' of MA_New England Tel-MA_Default Scenario_WC.xls, downloadable from the FCC's website.

8/ See 2/14/97 Compliance Filing, Workpaper Part A, at 10 (VZ-MA App.H, Tab 198).

9/ See 'User Adjustable Inputs' of MA_New England Tel-MA_Default Scenario_WC.xls, downloadable from the FCC's website.

10/ See 2/14/97 Compliance Filing, Workpaper Part A, at 11 (VZ-MA App.H, Tab 198).

11/ See 'User Adjustable Inputs' of MA_New England Tel-MA_Default Scenario_WC.xls, downloadable from the FCC's website.